

**STATE OF HAWAII  
DEPARTMENT OF HUMAN SERVICES  
MED-QUEST DIVISION**

**NOTICE OF PUBLIC HEARING**

Pursuant to sections 91-3 and 92-41, Hawaii Revised Statutes, notice is hereby given that the Department of Human Services will hold a public hearing to consider the proposed amendments to existing rules of the Med-QUEST Division for the purpose of conforming to State and Federal Statutes.

Brief descriptions of the proposed changes are listed below.

**CHAPTER 17-1737 – SCOPE AND CONTENTS OF THE FEE FOR SERVICE  
MEDICAL ASSISTANCE PROGRAM**

1. §17-1737-2, Definitions. This section is amended to add the definition of “drug formulary”.
2. §17-1737-71, Drugs. The following changes are made:
  - a. Subsection (a) is amended to state Medical assistance payments will be made for drugs when dispensed to eligible recipients when the drug complies with the Medicaid drug formulary and prior authorization has been obtained in accordance with the requirements set forth in the new section 17-1739.1-4.1 or from the Department’s medical consultant or designee, if required.
  - b. Subsection (b) is amended to replace the word “shall” with “may” and paragraph (1) is amended to state the advisory formulary committee shall consist of physicians, pharmacists, and other individuals deemed appropriate by the director. Paragraph (3), subparagraph (C) is amended to replace the word “necessary” with “suggested” and subparagraph (D) is amended to clarify that one of the duties of the advisory drug formulary committee is to develop the criteria under which prior authorization may be appropriate. Paragraph (5) is amended to clarify that a committee member’s term shall not exceed two years.
  - c. Subsection (c), paragraph (1) is amended to change “Health Care Financing Administration” to the “Centers for Medicare and Medicaid Services”. Paragraph (3) is rephrased from “No experimental or drug products on clinical study” to “drugs that are not experimental” and paragraph (4) is deleted.
3. §17-1737-71.1, Supplemental rebate agreement for a prescription drug. This new section is added to include provisions for a supplemental rebate agreement. The Department may enter into an agreement with a pharmaceutical manufacturer to obtain a supplemental rebate in addition to the CMS national rebate program rebate on a specified prescription drug. Participation by a pharmaceutical manufacturer in a supplement rebate agreement with the Department is voluntary.

**CHAPTER 17-1739.1 – AUTHORIZATION, PAYMENT, AND CLAIMS IN THE FEE-FOR-SERVICE MEDICAL ASSISTANCE PROGRAM FOR NON-INSTITUTIONAL SERVICES**

1. §17-1739.1-2, Definitions. This section is amended by amending the definition of “drug formulary” and by adding the definitions of “enhanced prior authorization list” and “preferred drug list”.
2. §17-1739.1-4, Authorization of services. Subsection (g), paragraph (3) and subsection (p) are deleted as a new section 17-1739.1-4.1, titled “Authorization of drugs”, will address these provisions. Subsection (g), paragraphs (4) through (17) is renumbered (3) to (16), respectively. Also, subsection (q) and (r) are renumbered (p) and (q), respectively.
3. §17-1739.1-4.1, Authorization of drugs. This new section is added to set forth the requirements for the authorization of drugs and to state the requirements of the preferred drug list.

A public hearing will be held at the following time and place:

January 23, 2004, Liliuokalani Building, 2nd Floor, Conference Rooms 1 & 2, 1:30 p.m.,  
1390 Miller Street, Honolulu, Hawaii.

All interested parties are invited to attend the hearing and to state their views relative to the proposed rules either orally or in writing. Should written testimony be presented, five copies shall be made available to the presiding officer at or before the public hearing to:

Department of Human Services  
Med-QUEST Division  
P. O. Box 700190  
Kapolei, Hawaii 96709-0190

Residents of Hawaii, Kauai, Maui, and Molokai wishing to present oral testimonies may also contact the Med-QUEST Division on the respective islands within seven days before the Honolulu hearing date to have their testimony recorded:

East Hawaii Section  
88 Kanoelehua Avenue, Room 107  
Hilo, Hawaii 96720 (933-0339)

West Hawaii Section  
Lanikai Professional Center  
75-5591 Palani Road, Ste. 3004  
Kailua-Kona, Hawaii 96740 (327-4970)

Kauai Section  
4473 Pahee Street, Suite A  
Lihue, Hawaii 96766 (241-3575)

Maui Section  
2145 Wells Street, Suite 103  
Wailuku, Hawaii 96793 (243-5780)

Molokai Section  
State Civic Center  
65 Makaena Street, Room 110  
Kaunakakai, Hawaii 96748 (553-1758)

Lanai Unit  
Call toll free 1-800-894-5755

A copy of the proposed rules will be mailed at NO COST to any interested person by requesting a copy by writing to:

Department of Human Services  
Med-QUEST Division  
P. O. Box 700190  
Kapolei, Hawaii 96709-0190

or by calling 692-8132. Neighbor island residents may request a copy of the proposed rules at NO COST by contacting the Med-QUEST Division Sections as noted above.

Proposed rules are also available at the Virtual Rules Center located at the following website:

<http://swat.state.hi.us/vrc.htm>

Special accommodations (i.e. Sign Language Interpreter, large print, taped materials, or accessible parking) can be made, if requested at least seven (7) working days before the scheduled public hearing on Oahu by calling 692-8132. Neighbor island residents needing special accommodations should contact the Med-QUEST Division Sections on the respective islands with their requests.

DEPARTMENT OF HUMAN SERVICES  
LILLIAN B. KOLLER, ESQ., DIRECTOR